

May 17, 2006

VIA HAND DELIVERY & ELECTRONIC MAIL

Luly E. Massaro, Division Clerk
RI Division of Public Utilities & Carriers
89 Jefferson Boulevard
Warwick, RI 02888

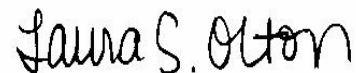
**RE: Docket D-06-13 - Joint Petition of The Narragansett Electric Company and Southern Union Company for Approval of Purchase and Sale of Assets
Responses to Division Data Requests 7-3, 7-4, and 7-7**

Dear Ms. Massaro:

Enclosed please find five (5) copies of responses from The Narragansett Electric Company, d/b/a National Grid, to the seventh set of data requests issued by the Division on May 12, 2006, in the above-captioned proceeding. This set includes responses to data requests 7-3, 7-4, and 7-7.

Thank you for your attention to this matter. If you have any questions, please feel free to contact me at (401) 784-7667.

Very truly yours,



Laura S. Olton

Enclosures

cc: Docket D-06-13 Service List

Division Data Request 7-3

Request:

To the extent that the NEG pension obligations exceed the fair value of plan assets at the closing date, does Narragansett intend to make any contributions to the plans to reduce or eliminate the difference between the obligations and the plan assets? If the response is affirmative, please provide a description of any intended contributions, including the amount and timing.

Response:

No.

Division Data Request 7-4

Request:

To the extent that the NEG obligations for postretirement benefits other than pensions exceed the fair value of plan assets at the closing date, does Narragansett intend to make any contributions to the plans to reduce or eliminate the difference between the obligations and the plan assets? If the response is affirmative, please provide a description of any intended contributions, including the amount and timing.

Response:

No.

Division Data Request 7-7

Request:

Is it expected that the proposed asset sale will affect the balance of plant related accumulated deferred federal income taxes ("ADIT") at the time of closing? If the response is affirmative, please quantify the effect of the transaction on the balance of ADIT at the time of closing and any implications for the determination of future revenue requirements.

Response:

Yes. It is expected that the proposed asset sale will affect the balance of plant-related accumulated deferred federal income taxes ("ADIT") at the time of closing. Because the transaction is an asset purchase, Narragansett's net book and net tax basis of the acquired assets is expected to be the same at acquisition. Consequently, Narragansett's opening deferred tax reserve related to the acquired assets will be zero. We do not believe that carrying over the deferred tax reserves of NEGAs at the time of acquisition to the books of Narragansett is possible under IRS normalization rules (Internal Revenue Code section 168(i)(9)). Under the IRS normalization rules, deferred taxes are based on the cumulative differences in the net book and net tax basis of the assets. Because the difference between the net book and net tax basis of the assets being acquired by Narragansett will equal zero at the time of acquisition, the deferred tax reserve related to those assets also equals zero.

Certificate of Service

I hereby certify that a copy of the cover letter and materials accompanying this certificate were mailed or hand-delivered to the parties listed below.



Joanne M. Scanlon

Date: May 17, 2006

National Grid & Southern Union - Docket D-06-13 Updated Service List as of 5/15/06

Name/Address	E-mail Distribution	Phone/FAX
Laura S. Olton, General Counsel Narragansett Electric Co. d/b/a National Grid 280 Melrose Street Providence, RI 02907	laura.olton@us.ngrid.com	401-784-7667 401-784-4321
	Joanne.scanlon@us.ngrid.com	
Thomas G. Robinson, Esq. Narragansett Electric Co. d/b/a National Grid 25 Research Drive Westborough, MA 01582	Thomas.robinson@us.ngrid.com	508-389-2877
	Ronald.Gerwatowski@us.ngrid.com	
For New England Gas Co.: Cheryl Kimball, Esq. Keegan Werlin LLP 265 Franklin St. Boston, MA 02110	ckimball@keeganwerlin.com	617-951-1400 617-951-1354
	Rkeegan@keeganwerlin.com	
Kevin Penders, Esq. Manager, Regulatory Relations New England Gas Co. 100 Weybosset St. Providence, RI 02903	Kevin.Penders@negasco.com	401-272-5040 401-751-0698
For New England Gas Co.: Gerald J. Petros, Esq. Hinckley, Allen & Snyder LLP 1500 Fleet Center Providence, RI 02903	gpetros@haslaw.com	401-274-2000 ext. 5666 401-277-9600
For the Division of Public Utilities Advocacy: Leo Wold, Esq. Dept. of Attorney General 150 South Main St. Providence RI 02903	lwold@riag.ri.gov	401-222-2424 401-222-3016
	RDIMeglio@riag.ri.gov	
	sscialabba@ripuc.state.ri.us	

For the Dept. of Attorney General: William Lueker, Esq. Dept. of Attorney General 150 South Main Street Providence, RI 02903	Wlueker@riag.ri.gov	401-222-2424 401-222-3016
	Proberti@riag.ri.gov	
Brian A. Wagner, Deputy Chief Legal Counsel RI Dept. of Environmental Management Office of Legal Services 235 Promenade St., 4th Flr. Providence, RI 02908	Brian.wagner@dem.ri.gov	401-222-6607 401 222-3378
For the Town of Tiverton: Andrew M. Teitz, Esq. Ursillo, Teitz and Rich, Ltd. 2 Williams St. Providence, RI 02903-2918	zoning@utrlaw.com	401-331-2222 401-751-5257
	jeannescott@utrlaw.com	
For the George Wiley Center: B. Jean Rosiello, Esq. 340 Olney St. Providence, RI 02906	jeanrosiello@cox.net	401-751-5090 401-751-5096
Adrienne G. Southgate, Deputy City Solicitor Law Department City of Providence 275 Westminster Street, Suite 200 Providence RI 02903	asouthgate@providenceri.com	401- 421-7740 Ext. 333
John Spirito, Esq. Division of Public Utilities & Carriers 89 Jefferson Blvd. Warwick, RI 02888	jspirito@ripuc.state.ri.us	401-780-2152 401-941-9207
For Division of Public Utilities Advocacy: Bruce Oliver Revilo Hill Associates 7103 Laketree Drive Fairfax Station VA 22039	Boliver@cox.net	
For Division of Public Utilities Advocacy: David J. Effron Berkshire Consulting 12 Pond Path North Hampton, NH 03862-2243	Djeffron@aol.com	
File an original & four (4) copies w/: Luly E. Massaro, Division Clerk Division of Public Utilities & Carriers 89 Jefferson Blvd. Warwick, RI 02888	Lmassaro@puc.state.ri.us	401-780-2107 401-941-1691